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**Testimony of the National Women's Law Center
In Support of SB 1177—An Act Concerning One Fair Wage**

Submitted to the Committee on Labor & Public Employees, Connecticut General Assembly

March 9, 2023

Dear Senator Kushner, Representative Porter, and Members of the Committee on Labor & Public Employees:

The National Women's Law Center (NWLC) submits this testimony in strong support of S.B. 1177, An Act Concerning One Fair Wage, which will bring an end to the fundamentally inequitable, two-tiered wage structure that currently allows Connecticut employers to pay just \$6.38 per hour to most tipped workers (and \$8.23 to bartenders) before tips. By guaranteeing all workers at least the full minimum wage before tips, S.B. 1177 will meaningfully raise pay for Connecticut's tipped workers, most of whom are women.¹ This bill is essential to address the pervasive and longstanding pay disparities that women, and especially women of color, face in Connecticut—disparities that were only exacerbated by the COVID-19 pandemic.²

Since 1972, NWLC has fought for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. NWLC advocates for improvement and enforcement of our nation's employment and civil rights laws, with a particular focus on the needs of LGBTQI+ people, women of color, and women with low incomes and their families. Ensuring that *all* workers in Connecticut are entitled to the same fair minimum wage, regardless of tips, is a critical way to boost women's paychecks, combating poverty and persistent racial and gender pay gaps.

Women working full time, year-round in Connecticut typically make only 83 percent of what their male counterparts make, leaving a wage gap of 17 cents on the dollar.³ This wage gap varies by race and is larger for many women of color.⁴ One driver of these wage gaps is women's overrepresentation in low-paid jobs,⁵ along with the unstable and inadequate work hours that such jobs often entail.⁶ In Connecticut, roughly six in ten workers in the state's lowest-paying jobs are women,⁷ as are almost two-thirds (64%) of tipped workers; nearly one-third (31%) of tipped workers in Connecticut are women of color.⁸

Especially in states like Connecticut where employers can pay just a few dollars an hour before tips, tipped workers experience poverty at far higher rates than the workforce overall⁹—and they also experienced job loss, reduced tips, and great risks to their health and safety during the height of the pandemic.¹⁰ Poverty-level wages also heighten women's economic vulnerability, which in turn heightens their vulnerability to sexual harassment on the job. Women who rely on tips to survive frequently feel compelled to tolerate inappropriate behavior from customers so as not to jeopardize their income, while employers are often unwilling to protect their employees for fear of upsetting a paying customer.¹¹

Today, while Connecticut law continues to allow employers to pay most tipped workers a base wage of just \$6.38 an hour, many question whether they should stay in a profession that leaves them vulnerable to harassment and scrambling to pay their bills¹²—and many who have already left question whether they should return.¹³ Tipped workers also frequently face unpredictable, unstable work schedules and few or no benefits like paid sick days on the job—problems that this Committee can and should address by approving additional legislation under consideration today, including the fair workweek bill (H.B. 6859) and the proposal to expand Connecticut's paid sick days law (S.B. 1178).

When workers have better pay, fair work hours and a say in their work schedules, and the paid time they need to care for themselves and their families, businesses benefit, too—because workers are more

satisfied, productive, and less likely to leave their jobs.¹⁴ And because underpaid workers spend much of their extra earnings in their communities, increasing the minimum wage for tipped workers will help ensure a strong, shared recovery in the wake of the COVID-19 pandemic.¹⁵

Decades of research studying the impact of state and local minimum wage increases show that these measures consistently improve incomes for workers and their families without costing jobs.¹⁶ Similarly, in the seven states that adopted One Fair Wage prior to the pandemic, this policy has not harmed growth in the restaurant industry or tipped jobs: from 2011 to 2019, One Fair Wage states had *stronger* restaurant growth than states that had a lower tipped minimum wage.¹⁷ Tipped workers in these states not only had lower poverty rates, but also higher overall earnings.¹⁸ And while the pandemic hit the industry hard, the leisure and hospitality sector has not fared worse in recent years in One Fair Wage states than in states with lower wages for tipped workers.¹⁹

Connecticut has made important strides to create more equitable workplaces for women, including by strengthening its equal pay laws and establishing a paid family and medical leave program, along with raising the state's minimum wage to \$15 by June of this year. But that critically important wage increase left the women who make up most of the tipped workforce in Connecticut far behind.

S.B. 1177 will lift up working families during this period of high inflation and, because women are the majority of workers who will see their pay go up, wage gaps will likely narrow as well.²⁰ Along with H.B. 6859 and S.B. 1178, this legislation is a critical tool to diminish historic inequities and ensure that women in Connecticut can work with equality, safety, and dignity—starting with equal and adequate pay.

We thank you for your consideration and respectfully request a vote in favor of S.B. 1177.

Sincerely,



Diana Ramírez
Senior Manager of Policy and Coalitions

¹ *One Fair Wage: The Key to Saving the Connecticut Restaurant Industry Post-COVID 19*, One Fair Wage (Sep. 2022), https://onefairwage.site/wp-content/uploads/2022/12/OFW_FactSheet_CT-1.pdf.

² See generally, e.g., *Resilient But Not Recovered: After Two Years of the COVID-19 Crisis, Women Are Still Struggling*, NWLC (March 2022), <https://nwlc.org/resource/resilient-but-not-recovered>.

³ *Wage Gap State by State*, NWLC (Mar. 2023), <https://nwlc.org/resource/wage-gap-state-by-state/>.

⁴ See, e.g., Brooke LePage and Jasmine Tucker, *A Window Into the Wage Gap: What's Behind It and How to Close It*, NWLC (Jan. 2023), <https://nwlc.org/wp-content/uploads/2023/01/2022-Wage-Gap-Factsheet-1.10.23.pdf>.

⁵ See generally, e.g., Jasmine Tucker & Julie Vogtman, *When Hard Work Is Not Enough: Women in Low-Paid Jobs*, NWLC (April 2020), <https://nwlc.org/resource/when-hard-work-is-not-enough-women-in-low-paid-jobs/>.

⁶ See generally, e.g., *Collateral Damage: Scheduling Challenges for Workers in Low-Paid Jobs and Their Consequences*, NWLC (Dec. 2020), <https://nwlc.org/wp-content/uploads/2017/04/Collateral-Damage-2020-12.18.20.pdf>; Valentin Bolotnyy & Natalia Emanuel, *How Unpredictable Schedules Widen the Gender Pay Gap*, HARV. BUS. REV. (July 1, 2022), <https://hbr.org/2022/07/how-unpredictable-schedules-widen-the-gender-pay-gap>.

⁷ See Tucker & Vogtman, *supra* note 5.

⁸ NWLC calculations based on 2021 American Community Survey one-year estimates using IPUMS. Women of color includes all women who did not self-identify as white, non-Hispanic women.

⁹ See generally *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers*, NWLC (Feb. 2021), <https://nwlc.org/resource/one-fair-wage/>.

¹⁰ See, e.g., *Unlivable: Increased Sexual Harassment and Wage Theft Continue to Drive Women, Women of Color, and Single Mothers Out of the Service Sector*, ONE FAIR WAGE (April 2022), <https://onefairwage.site/unlivable>.

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- ¹¹ See, e.g., Catrin Einhorn & Rachel Abrams, *The Tipping Equation*, N.Y. TIMES (March 12, 2018), <https://www.nytimes.com/interactive/2018/03/11/business/tipping-sexualharassment.html>; *Out of the Shadows: An Analysis of Sexual Harassment Charges Filed by Working Women*, NWLC 16-17 (Aug. 2018), <https://nwlc-ciww49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/08/SexualHarassmentReport.pdf>.
- ¹² See *One Fair Wage: Ending a Legacy of Slavery and Addressing Maryland's Restaurant Staffing Crisis*, ONE FAIR WAGE (Feb. 2023), https://onefairwage.site/wp-content/uploads/2023/01/OFW_EndingLegacySlavery_MD-1.pdf.
- ¹³ Abha Bhatarai & Maggie Penman, *Restaurants Can't Find Workers Because They've Found Better Jobs*, WASH. POST (Feb. 3, 2023), <https://www.washingtonpost.com/business/2023/02/03/worker-shortage-restaurants-hotels-economy/>.
- ¹⁴ See, e.g., Kate Bahn & Carmen Sanchez Cumming, *Improving U.S. Labor Standards and the Quality of Jobs to Reduce the Costs of Employee Turnover to U.S. Companies*, WASH. CTR. FOR EQUITABLE GROWTH (Dec. 2020), <https://equitablegrowth.org/improving-u-s-labor-standards-and-the-quality-of-jobs-to-reduce-the-costs-of-employee-turnover-to-u-s-companies/>.
- ¹⁵ See, e.g., Zoe Willingham, *Small Businesses Get a Boost from a \$15 Minimum Wage*, CTR. FOR AM. PROGRESS (Feb. 25, 2021), <https://www.americanprogress.org/issues/economy/reports/2021/02/25/496355/small-businesses-get-boost-15-minimum-wage/>; Holly Sklar & Alissa Barron-Menza, *Raising the Minimum Wage to \$15 Helps Small Business*, BUSINESS FOR A FAIR MINIMUM WAGE (Feb. 24, 2021), <https://www.businessforafairminimumwage.org/news/001645/raising-minimum-wage-15-helps-small-business>.
- ¹⁶ See, e.g., Arindrajit Dube, *Impacts of Minimum Wages: Review of the International Evidence* (Nov. 2019), <https://www.gov.uk/government/publications/impacts-of-minimum-wages-review-of-the-international-evidence>.
- ¹⁷ *Why the U.S. Needs a \$15 Minimum Wage*, ECON. POLICY INST. (Jan. 26, 2021), <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>.
- ¹⁸ *Id.*
- ¹⁹ *Decline in Open Hospitality Businesses During COVID-19: A State-by-State Analysis* (Feb. 2021), https://onefairwage.site/wp-content/uploads/2021/02/OFW_DeclineHospBus_3.pdf.
- ²⁰ A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Wage Inequality: Is There a Linkage?*, J. ECON. PERSPECTIVES Vol. 11, No. 2, 75-96, at 78 (Spring 1997), <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream: Trends in the Gender Wage Differential in the 1980s*, J. LABOR ECON., Vol. 15, No. 1, 1-42, at 28 (Jan. 1997), https://www.jstor.org/stable/2535313?seq=1#page_scan_tab_contents; *Minimum Wages, Ch. 7.3: Effects on Gender Pay-Gaps*, INT'L LABOR ORG., https://www.ilo.org/global/%20topics/wages/minimum-wages/monitoring/WCMS_473657/lang-en/index.htm (accessed Feb. 23, 2023).